

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

**October 1, 2010
Actuarial Valuation Report**

**For the Fiscal and Plan Years Beginning
October 1, 2011**

Prepared By:

**STANLEY, HOLCOMBE & ASSOCIATES, INC.
2000 RiverEdge Parkway/ Suite 540
Atlanta, GA 30328
(770) 933-1933**

February 7, 2011

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& A**

Stanley, Holcombe & Associates, Inc.

February 7, 2011

Board of Trustees
City of Orlando
Firefighter Pension Fund
400 S. Orange Avenue
Orlando, FL 32801-3302

October 1, 2010 Actuarial Report

Dear Board Members:

Enclosed is our report on the actuarial valuation of the City of Orlando Firefighter Pension Fund for the plan year and fiscal year beginning October 1, 2011.

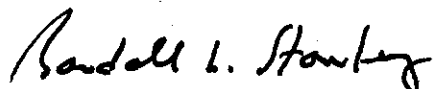
The report includes:

- Gain/Loss Analysis for the period October 1, 2009 through September 30, 2010;
- Asset Summary;
- Mortality assumptions, disabled mortality assumptions, retirement and turnover probabilities refined, following 5-year Experience Study;
- Derivation of minimum contribution based on calculated contribution rate to be applied to actual 2011/2012 payroll.

We look forward to reviewing this report in conference with the Board.

Respectfully Submitted,

STANLEY, HOLCOMBE & ASSOCIATES, INC.



Randall L. Stanley, FSA, MAAA, EA
Consulting Actuary and Principal



Frans Christ, FSA, MAAA, EA
Vice President and Consulting Actuary

RLS/FC/di

Orlando01B

Enclosures (25)

Christopher P. McCullion (Christopher.McCullion@CityofOrlando.net)

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

October 1, 2010 ACTUARIAL REPORT

Table of Contents

	-Page-
SUMMARY OF RESULTS	1-2
REVIEW OF COSTS	3-11
Background and Scope	3
Comparison of Deposit Requirements.....	3
Analysis of Cost Changes	4
Table 1 - Detailed Gain/Loss Analysis	4
Plan Assets	6
Table 2 – Actuarial vs. Market Value of Assets.....	6
Table 3 – Actuarial Assets and Entry Age Accrued Liabilities	7
Table 4 – Contribution Rates	7
Governmental Accounting Standards	8
Application of GASB 27	8
Enrolled Actuary’s Statement	9
EXHIBITS	
1 City Contribution Requirements	10-13
Cost Components	10-11
Unfunded Actuarial Liability	12-13
2 Summary of Asset Transactions	14
3 Distribution of Assets	15-17
Reserve Account Under 99-1	16
Investment Results	17
4 Development of Actuarial Asset Value	18
5 Summary of Accounting Information	19
6 Disclosure Information	20
7 Member Statistics	23
8 Summary of Principal Plan Provisions	26
9A Summary of Actuarial Basis (Prior Assumptions)	30
9B Summary of Actuarial Basis (Revised Assumptions).....	33
10 Information Under Florida Statutes	36
11 Supplemental CAFR Information.....	37
12 Alternative and Minimum Contribution Schedules 2010/2011	39

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Comparative Summary of Principal Valuation Results

	Actuarial Valuation	
	Prepared as of	
	<u>10/01/2010</u>	<u>10/01/2009</u>
A. <u>Participant Data</u> (Ex. 6)		
Active Members	488	494
Total Annual Payroll	36,668,848	\$35,659,515
Retired Members and Beneficiaries	286	278
Total Annualized Benefits	\$9,922,266	\$9,523,219
DROP Members	7	5
Total Annualized Benefits	\$437,069	\$345,105
Disabled Members	100	95
Total Annualized Benefits	\$3,903,282	\$3,529,075
Terminated Vested Members	3	3
Total Annualized Benefits	\$40,131	\$40,131
B. <u>Assets</u>	-\$-	-\$-
Actuarial Value (Ex. 4)	261,617,820	249,467,797
Market Value (Ex. 3)	231,127,492	207,889,831
C. <u>Liabilities</u> (Ex. 1)		
Present Value of Benefits		
Active Members – Retirement	229,135,941	211,798,309
Vesting	1,243,040	1,324,243
Disability	49,617,632	49,971,718
Death	3,179,336	4,884,674
Return of Contributions	335,442	416,723
Total	<u>283,501,391</u>	<u>268,395,667</u>
Inactive Members – Retired and Beneficiaries	119,508,264	112,534,403
Disabled	43,235,469	39,492,127
Terminated Vested	379,266	347,670
DROP Accounts	958,435	903,352
Total	<u>164,081,434</u>	<u>153,277,552</u>
Total	<u>447,582,825</u>	<u>421,673,219</u>
Actuarial Accrued Liability	316,649,342	293,218,480
Unfunded Actuarial Accrued Liability	57,031,522	43,750,683

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Comparative Summary of Principal Valuation Results
(Continued)

	Actuarial Valuation Prepared as of	
	<u>10/01/2010</u>	<u>10/01/2009</u>
	-%-	-%-
D. <u>Pension Cost (Exhibit 1)</u>		
Normal Cost	33.09%	32.62%
Payment to Amortize Unfunded Liability	10.87%	8.52%
Administrative Expenses	0.69%	0.41%
Expected Member Contribution		
As % of Payroll	7.49%	7.49%
Expected Plan Sponsor and State Contribution		
As % of Payroll	37.16%	34.06%
	Year Ending	Year Ending
E. <u>Past Contributions</u>	<u>09/30/2010</u>	<u>09/30/2009</u>
	-\$-	-\$-
Required Plan Sponsor and State Contribution	11,305,754	9,957,266
Required Member Contributions	2,692,036	2,707,554
Actual Contributions		
Plan Sponsor and State	11,305,754	9,957,266
Members	2,692,036	2,707,554
F. <u>Net Actuarial (Gain)/Loss</u>	7,047,273	14,877,715
G. <u>Other Disclosures</u>		
Active Members:		
Present Value Future Salaries		
(at attained age)	384,385,300	394,329,928
Present Value Future Member Contributions		
(at attained age)	28,054,543	28,420,367
Accumulated Member Contributions	21,798,479	20,147,113

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

REVIEW OF COSTS

BACKGROUND AND SCOPE

This is the October 1, 2010 actuarial report for the fiscal year beginning October 1, 2011 for the Board of Trustees of the City of Orlando Firefighters Pension Fund. This report is intended to reflect the provisions of the plan as of October 1, 2010. This is the seventh annual actuarial report prepared by Stanley, Holcombe & Associates, Inc.

COMPARISON OF DEPOSIT REQUIREMENTS

The contribution requirements for the 2011/2012 fiscal year compare to the previous years as follow:

	<u>2011/2012</u>	<u>2010/2011</u>	(After Amendment) <u>2009/2010</u>
	-\$-	-\$-	-\$-
Total Normal Cost	13,280,294	12,730,981	12,210,511
Member Contributions	<u>(3,005,844)</u>	<u>(2,923,107)</u>	<u>(2,801,735)</u>
Net Normal Cost	10,274,450	9,807,878	9,408,776
Past Service Cost	4,363,678	3,326,402	2,139,391
Expected Expenses	<u>275,588</u>	<u>157,863</u>	<u>232,504</u>
City and State Contributions	14,913,716	13,292,139	11,780,671
Expected State Contribution	<u>(2,410,006)</u>	<u>(2,410,006)</u>	<u>(2,410,006)</u>
Net City Contribution	12,503,710	10,882,133	9,370,665

The contribution amounts shown are based on monthly contributions made at the end of each month. Exhibit 12 shows contributions under the following alternate schedule.

October 1, 2011 Lump Sum (City and State) 14,308,291

The State Division of Retirement is now requiring that the minimum contribution be equal to the calculated contribution percentage applied to the actual payroll in the fiscal year. Consequently, we recommend that the actual payroll in the 2011/2012 fiscal year be monitored, and the minimum contribution be derived as 32.48% of that payroll.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

REVIEW OF COSTS

BACKGROUND AND SCOPE

ANALYSIS OF COST CHANGES

Our detailed gain/loss analysis consists of a series of actuarial valuations, for each element of experience. This quantifies the impact on cost components and costs of the deviations of actual experience from that predicted by each actuarial assumption.

This is intended to provide insight to the Board on the relative importance of each assumption and serve as an audit of the realism of the assumption. It also is intended to provide increased quality control.

Quantification of the reasons for the changes is as follows:

Table 1 – Detailed (Gain)/Loss Analysis for October 1, 2009 through September 30, 2010

	Unfunded Actuarial Accrued Liability	Amortization		City and State Normal Cost and Admin. Expenses		Required Contribution Percentage
	-\$-	-\$-	-%-	-\$-	-%-	-%-
10/01/2009 Valuation	43,750,683	3,326,402	8.52	9,965,737	25.54	34.06
10/01/2010 Expected (for continuing actives)	45,034,005	3,350,934	8.78	9,748,081	25.55	34.33
<u>Elements of Experience</u>						
Retirement	(475,961)	(33,150)	(0.12)	30,329	(0.04)	(0.16)
Turnover	188,591	13,135	0.02	16,204	0.01	0.03
Disability	210,915	14,690	0.04	(16,260)	(0.05)	(0.01)
Active Mortality	213,854	14,894	0.04	(16,140)	(0.01)	0.03
Inactive Mortality	951,354	66,260	0.18	0	0.00	0.18
Other, Data	213,416	14,864	0.03	105,372	0.27	0.30
Salary Increases	(1,915,513)	(133,411)	(0.29)	(76,709)	(0.03)	(0.32)
New Participants	38,035	2,649	(0.08)	122,774	0.05	(0.03)
Investment Return	<u>7,622,582</u>	<u>530,895</u>	<u>1.38</u>	<u>0</u>	<u>0.00</u>	<u>1.38</u>
Total Experience	7,047,273	490,826	1.20	165,570	0.20	1.40
Assumption Change	4,950,244	344,773	0.89	208,106	0.54	1.44
10/01/2010 Actual	57,031,522	4,186,533	10.87	10,121,757	26.29	37.16

As may be noted from the table, the investment return experience was responsible for the majority of the change in costs. The effect of the total plan experience increased the unfunded actuarial liability by \$7,047,273 and the City contribution by 1.40% (from 34.33% to 35.73%). The change in assumptions increased the unfunded accrued liability by \$4,950,244 and the City contribution by 1.44% (to 37.16%).

Salary Increases - During the period October 1, 2009 through September 30, 2010, covered payroll for the continuing actives increased less than expected. Covered payroll for continuing active participants increased 5.4% for the period, compared with approximately 6.1% expected. This decreased the required contribution by \$210,120 or 0.32% of pay.

Active Mortality - For active members there was one death, as compared to .62 expected. The Unfunded Actuarial Accrued Liability increased by \$213,854 and the required contribution increased by 0.03% of payroll.

Inactive Mortality - There were 5 deaths, as compared to 7.6 expected. The unfunded liability increased \$66,260, and the required contribution increased by 0.17% of pay.

Disability - During the past year there were 6 disabilities, as compared to 6.5 expected. The required contribution percentage decreased by 0.01%.

Turnover - From October 1, 2009 to September 30, 2010, there were 2 employee terminations, as compared to about 2.8 predicted by the actuarial assumptions. The Unfunded Actuarial Accrued Liability increased \$188,591, and the required contribution percentage increased by 0.03%.

Retirement - There were 7 retirements during the period, as compared to 7.7 expected. This resulted in a \$475,961 decrease in the Unfunded Actuarial Accrued Liability and a decrease of 0.16% in the required contribution percentage.

Investment Return - The rate of return for the year ending September 30, 2010 was 4.9% on actuarial asset value and 10.8% on market value. The Unfunded Actuarial Liability increased by \$7,622,582 and the required contribution percentage increased by 1.38%.

For the past 15 years the average rate of return on market value has been 7.3%, and the average return on actuarial value has been 8.4% (page 17).

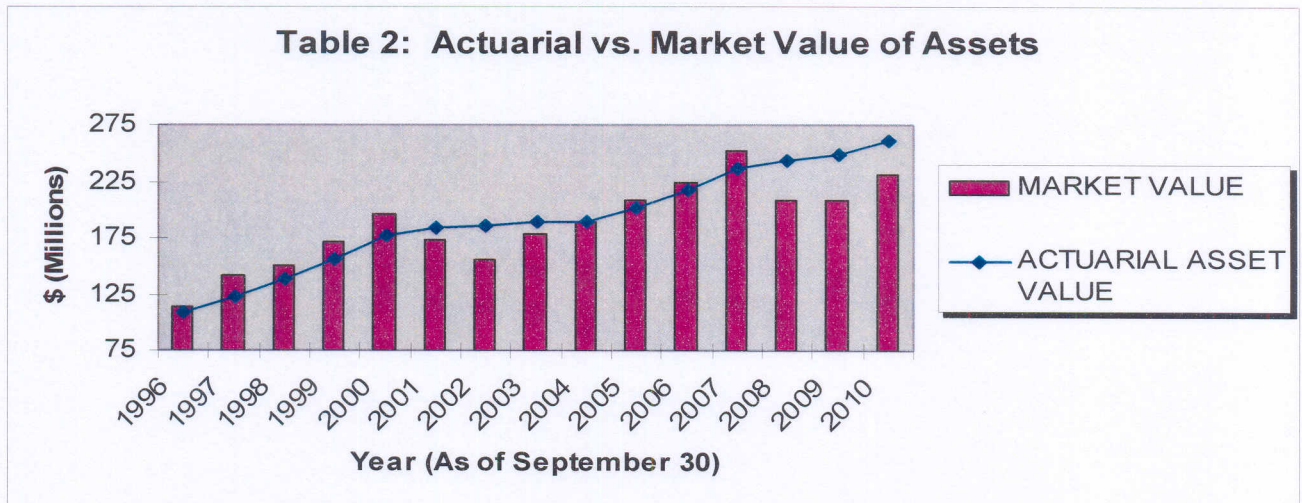
Other - Administrative expenses increased by more than \$100,000.

Assumption Changes - The demographic assumptions were fine-tuned as described in Exhibit 9B. This increased costs by 1.44% of pay, consistent with the October 14, 2010 Experience Study.

PLAN ASSETS

The Actuarial Asset Valuation Method known as the 20% Write-up Method uses the expected return on actuarial asset value and cash flow to derive an expected actuarial value of assets. This value is then adjusted by 20% of the difference between market value and expected value to determine the actuarial value of assets (Exhibit 4, Page 1). The result is not allowed to exceed 120% of the market value of assets, nor be less than 80% of market value (shown in Exhibit 4).

As of September 30, 2010, the actuarial value of assets was \$261,617,280, compared to a market value of \$231,127,492. The actuarial value of assets equals 113% of the market value as of September 30, 2010. Table 2 shows the comparison of actuarial value to market value for the past 15 years.



The 10.8 return on Market Value for the year ending September 30, 2010 reduced the excess of the Actuarial Value of Assets over Market Value from 120% to 113%. Consequently the 13% excess could be eliminated in 3 to 4 years if the market returns are in the 10.8% range. However, there would be increased contribution requirements until this were achieved.

FUNDING PROGRESS

The comparison of the entry age accrued liability and actuarial value of assets over a period of time is a standard measure of funding progress.

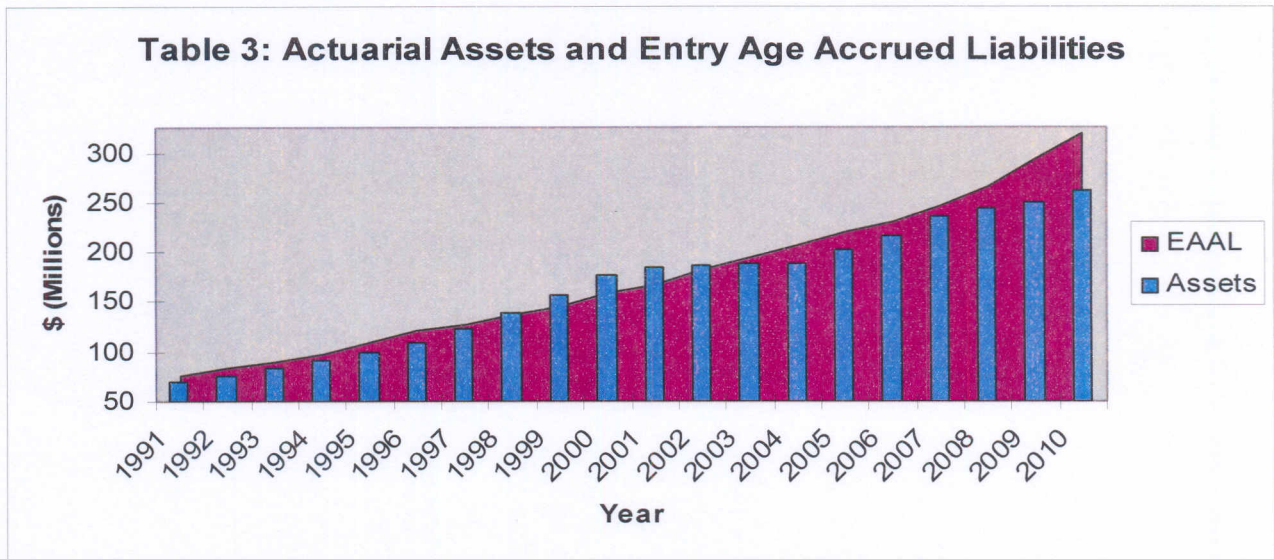
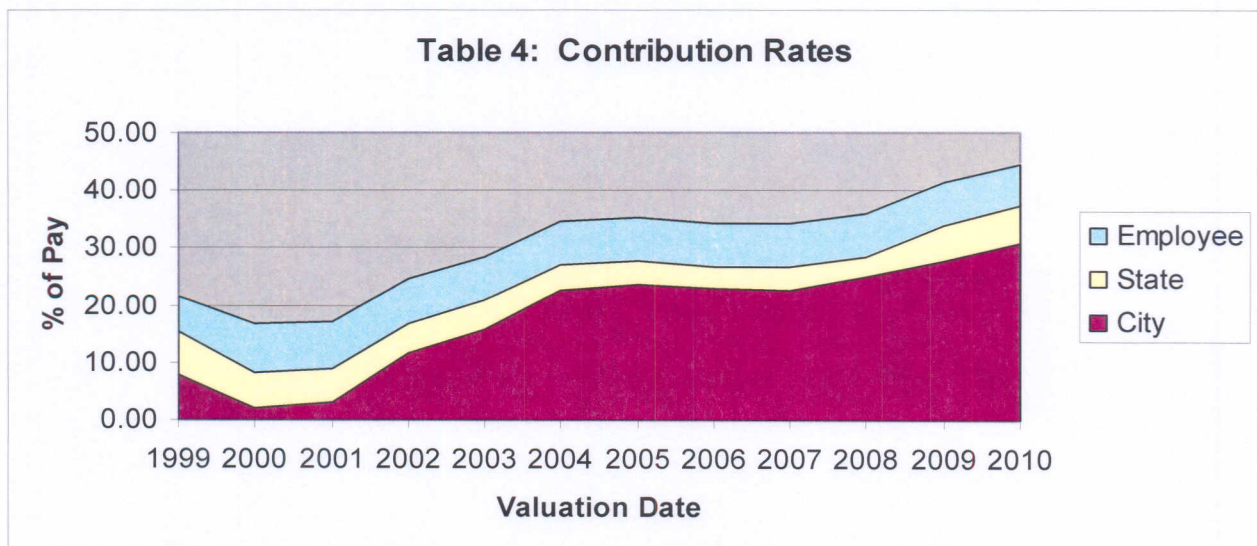


Table 3 displays this comparison over the last 20 years. The entry age accrued liability exceeded the actuarial value of assets until 1998, when the effect of the strong gains in the financial markets impacted the actuarial value of assets positively. The actuarial value of assets exceeded the entry age accrued liability for five years before the effect of the bear market in equities brought the actuarial value of assets below the entry age accrued liability. The ratio of actuarial value of assets to entry age accrued liability as of September 30, 2010 was 82.1% compared with 85.1% last year.

CONTRIBUTION RATES

Table 4 shows combined contribution rates from 1999 to 2010.



Favorable investment performance during the late 1990's drove the total contribution rate to a low of 16.64% of pay for the 2000/2001 fiscal year. Due to asset returns lower than expected during the last few years, plan amendments, and assumption changes, the combined rate (City, State, and members) has increased to 44.65% for the 2011/2012 fiscal year, compared with 41.55% last year.

GOVERNMENTAL ACCOUNTING STANDARDS

In November 1994 GASB issued Statement No. 25, Financial Reporting for Defined Benefit pension Plans...and Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. Statement No. 25 provides parameters for financial reporting and comparison of actual contributions to "actuarially required contributions." Statement No. 27 provides standards for the financial reports of the state and local governmental employers. Statement No. 25 is effective for periods beginning after June 15, 1996; Statement No. 27, for periods beginning after June 15, 1998.

The Statements do not directly impact funding, although they do require calculation of an "actuarially required contribution," or "ARC" and amortization of any deficiency or excess of actual contributions made in relation to the ARC.

This is the GASB standard for disclosures comparing actual funding to GASB requirements. The requirements of GASB 25 include reporting a Schedule of Funding Progress and a Schedule of Employer Contributions (Exhibit 5, pages 2 and 3).

APPLICATION OF GASB 27

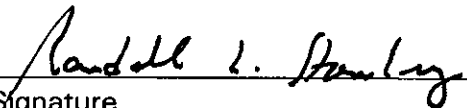
The provisions of GASB 27 are virtually identical to those of GASB 25. It is our understanding that the schedules used for GASB 25 disclosure may also be used for GASB 27 purposes.

ENROLLED ACTUARY'S STATEMENT

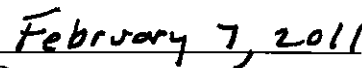
This report has been prepared in accordance with standards established by the American Academy of Actuaries. To the best of our knowledge, it reflects the actuarial condition of the City of Orlando Firefighter Pension Fund as of September 30, 2010.

All costs and cost components are calculated on the basis of actuarial assumptions which reasonably reflect the experience of the Fund.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.


Signature

Enrolled Actuary No. 08-602


Date

Copies of this Report are to be furnished to the Division of Retirement within 60 days of receipt from the actuary at the following addresses:

Ms. Patricia F. Shoemaker
Benefits Administrator
Municipal Police Officers' &
Firefighters' Trust Funds
Division of Retirement
Post Office Box 3010
Tallahassee, FL 32315-3010

Mr. Keith E. Brinkman
Bureau Chief of Local Retirement
Division of Retirement
Department of Management Services
Post Office Box 9000
Tallahassee, FL 32315-9000

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

City Contribution Requirements

	Revised Assumptions October 1, 2010	Prior Assumptions October 1, 2010	<u>October 1, 2009</u>
	-\$-	-\$-	-\$-
I. <u>Unfunded Actuarial Accrued Liability</u>			
A. Entry Age Reserve			
Active Members	154,567,908	150,711,773	139,940,928
Inactive Members	<u>164,081,434</u>	<u>162,987,325</u>	<u>153,277,552</u>
Total	<u>318,649,342</u>	<u>313,699,098</u>	<u>293,218,480</u>
B. Actuarial Asset Value	261,617,820	261,617,820	249,467,797
C. Unfunded Actuarial Liability (UAAL)	57,031,522	52,081,278	43,750,683
II. <u>Normal Cost</u>			
A. Present Value of Future Benefits			
1. Active Members			
a. Retirement	229,135,941	222,110,145	211,798,309
b. Turnover	1,243,040	1,357,741	1,324,243
c. Disability	49,617,632	50,401,258	49,971,718
d. Death	3,179,336	5,043,259	4,884,674
e. Refunds	<u>325,442</u>	<u>396,385</u>	<u>416,723</u>
f. Total	<u>283,501,391</u>	<u>279,308,788</u>	<u>268,395,667</u>
2. Retired Members and Beneficiaries			
a. Service Retirements & Beneficiaries	119,508,264	117,699,731	112,534,403
b. Disability Retirements	43,235,469	43,953,245	39,492,127
c. Terminated Vested Members	379,266	375,914	347,670
d. DROP Accounts	<u>958,435</u>	<u>958,435</u>	<u>903,352</u>
e. Total	<u>164,081,434</u>	<u>162,987,325</u>	<u>153,277,552</u>
3. Total	447,582,825	442,296,113	421,673,219

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

City Contribution Requirements

Fiscal Year Beginning	<u>Revised Assumptions October 1, 2011</u>	<u>Prior Assumptions October 1, 2011</u>	<u>October 1, 2010</u>
	-\$-	-\$-	-\$-
II. <u>Normal Cost</u> (Cont'd.)			
B. Normal Cost (Individual Entry Age Method)			
1. As a Dollar Amount (Beginning of Year)	12,741,178	12,533,072	12,214,165
2. As a Percentage of Projected Payroll	33.09%	32.55%	32.62%
III. <u>City Contribution Requirements</u> (% of pay)			
	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>
A. Amortization of UAAL	10.87	9.98	8.52
B. Normal Cost	33.09	32.55	32.62
C. Administrative Expenses	<u>0.69</u>	<u>0.69</u>	<u>0.41</u>
D. Total	44.65	43.22	41.55
E. Member Contributions	<u>7.49</u>	<u>7.49</u>	<u>7.49</u>
F. Total City & State Contributions (D-E)	37.16	35.73	34.06
G. Estimated State Contributions	<u>6.26</u>	<u>6.26</u>	<u>6.44</u>
H. Estimated City Contributions (F-G)	30.90	29.47	27.62
IV. <u>City Contribution Requirements</u> (Estimated \$)			
	-\$-	-\$-	-\$-
A. Amortization of UAAL	4,363,678	4,004,316	3,326,402
B. Normal Cost	13,280,294	13,063,382	12,730,981
C. Administrative Expenses	<u>275,588</u>	<u>275,588</u>	<u>157,863</u>
D. Total	17,919,560	17,343,286	16,215,246
E. Member Contributions	3,005,844	3,005,844	2,923,107
F. Total City & State Contributions (D-E)	14,913,716	14,337,442	13,292,139
G. Estimated State Contributions	2,410,006	2,410,006	2,410,006
H. Estimated City Contributions (F-G)	12,503,710	11,927,436	10,882,133

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

City Contribution Requirements

IV. <u>Reconciliation of Unfunded Actuarial Accrued Liability</u>	
A. Unfunded Actuarial Accrued Liability (UAAL) as of September 30, 2009	43,750,683
B. Normal Cost for 2009/2010 (City and State portion including administrative expenses)	9,249,891
C. Interest on (A) and (B) at 8%	4,240,046
D. City and State Contributions, less Reserve Account Contribution	(11,305,754)
E. Interest on (D) at 8% for partial year	(900,861)
F. Expected Unfunded Actuarial Accrued Liability as of September 30, 2010	45,034,005
G. 2009/2010 (Gain) Loss	7,047,273
H. Unfunded Actuarial Accrued Liability as of September 30, 2010 (F + G)	52,081,278
I. Plan Amendments	N/A
J. Change in Assumptions and Methods	4,950,244
K. Change in Applicable Laws	N/A
L. Unfunded Actuarial Accrued Liability as of September 30, 2010	57,031,522

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

City Contribution Requirements

V. Unfunded Actuarial Accrued Liability

<u>Description</u>	<u>Date Established</u>	<u>-----Initial----- Amount</u>	<u>Period</u>	<u>Remaining Balance 09/30/10</u>	<u>Remaining Period 9/30/09</u>	<u>% of Payroll Contribution</u>
		<u>-\$-</u>		<u>-\$-</u>		<u>-%-</u>
Fresh Start	09/30/05	18,321,886	20 yrs.	18,514,038	15 yrs.	4.07
Actuarial (Gain)/Loss	09/30/06	(4,506,959)	20 yrs.	(4,610,835)	16 yrs.	(0.96)
Actuarial (Gain)/Loss	09/30/07	(4,698,623)	20 yrs.	(4,904,672)	17 yrs.	(0.98)
Plan Amendment	09/30/07	809,250	20 yrs.	826,444	17 yrs.	0.16
Actuarial (Gain)/Loss	09/30/08	10,730,175	20 yrs.	10,923,866	18 yrs.	2.08
Plan Amendment	09/30/09	8,133,032	20 yrs.	8,217,232	19 yrs.	1.50
Actuarial (Gain)/Loss	09/30/09	14,877,715	20 yrs.	16,067,932	20 yrs.	2.83
Actuarial (Gain)/Loss	09/30/10	7,047,273	20 yrs. *	7,047,273	20 yrs.	1.28
Assumption Change	09/30/10	4,950,244	20 yrs. *	<u>4,950,244</u>	20 yrs.	0.89
Total				57,031,522		10.87

* This base will grow with interest for one year before first amortization payment (due to 1 year lag on contributions).

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**
Statement of Changes in Plan Net Assets

	<u>Year Ended September 30</u>	
	<u>2010</u>	<u>2009</u>
	-\$-	-\$-
ADDITIONS		
Contributions		
a. City Contributions	8,895,748	8,670,534
b. Premium Taxes from Chapter 175	2,410,006	1,286,732
c. Excess Premium Taxes from Chapter 175	272,155	1,403,812
d. Member Contributions:		
Basic	2,687,378	2,692,547
Buybacks	4,658	15,007
e. Total Contributions	<u>14,269,945</u>	<u>14,068,632</u>
Investment Income		
f. Interest and Dividends	4,852,601	5,648,586
g. Net Appreciation in Fair Value of Assets	19,269,027	(5,126,440)
h. Securities Lending Income	126,879	591,781
Less Investment Expenses:		
i. Management & Custodian Fees	(842,751)	(791,800)
j. Securities Lending Expenses	(45,468)	(288,952)
k. Net Investment Income	<u>23,360,288</u>	<u>33,175</u>
l. Total Additions	<u>37,630,233</u>	<u>14,101,807</u>
DEDUCTIONS		
m. Benefits:	13,854,176	13,510,158
n. Refund of Contributions	47,464	30,764
o. Administrative Expenses	251,810	144,242
p. Other expenses	22,050	21,523
q. Total Deductions	<u>14,175,500</u>	<u>13,706,687</u>
Net Increase	23,454,733	395,120
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year (From Preliminary Statements)	215,515,728	215,120,608
Adjustment After Preliminary Statements Submitted	0	0
Beginning of Year (Audited Balance)	<u>215,515,728</u>	<u>215,120,608</u>
End of Year (From Preliminary Statements)	<u>238,970,461</u>	<u>215,515,728</u>

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Distribution of Assets

<u>Description</u>	<u>September 30, 2010</u>	<u>September 30, 2009</u>
	-\$-	-\$-
U.S. Government Securities	34,343,935	24,438,664
State & Local Obligations	380,787	236,763
Corporate Bonds	28,785,959	24,657,805
Fixed Income Commingled Investments	21,435,609	0
Mortgages	674,705	25,056,819
Asset Backed Securities	1,394,185	2,286,751
Equities - Domestic	113,588,329	101,775,693
Equities - International	16,882,344	16,427,400
Real Estate	13,263,553	10,231,863
Short-Term Investment	8,599,642	10,609,177
Accrued Income	<u>606,565</u>	<u>668,355</u>
A. Total Investments	239,955,613	216,389,290
B. Cash and Equivalents	219,914	277,361
C. Accounts Receivable	0	0
D. Accounts Payable	246,631¹	247,571²
E. Total Net Assets (A + B + C - D)	239,928,896	216,419,080
F. Reserve For 99-1 Minimum Benefits	8,801,404	8,529,249
G. Net Assets Available for Benefits (E-F)	231,127,492	207,889,831

¹ Excluding \$958,435 in DROP accounts at 09/30/2010.

² Excluding \$903,352 in DROP accounts at 09/30/2009.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Reserve Account For Future Benefit Improvements Under 99-1

Adjusted Base Amount for 2010/2011 Year

<u>Year</u> <u>Established</u>	<u>Description</u>	<u>Ch. 175</u> -\$-	<u>Suppl.</u> -\$-	<u>Total</u> -\$-
1998	Base Year Tax Distribution	1,065,707	72,788	1,138,495
2007	All 99-1 Benefits	221,025	0	221,025
2009	Multiplier Increase	1,123,274	0	1,123,274
	Adjusted Base Amount (for 2010/2011)	2,410,006	72,788	2,482,794

A. Reserve Account for 2009/2010

	<u>Ch. 175</u> -\$-	<u>Suppl.</u> -\$-	<u>Total</u> -\$-
A. Reserve Account at September 30, 2009	8,183,949	345,300	8,529,249
B. Increase in Reserve Account			
1. Premium Tax Distribution for 2009	2,682,161	0	2,682,161
2. Amount Available	2,410,006	0	2,410,006
3. Increase in Reserve Distribution	<u>272,155</u>	<u>0</u>	<u>272,155</u>
C. Reserve Account at September 30, 2010 (A) + (B3) + (C)	8,456,104	345,300	8,801,404
D. To be transferred to Firefighters' Share Program ¹	(8,456,104)	(345,300)	(8,801,404)

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Investment Results

I. Yield on Mean Market Value for 12-Month Period Ending September 30, 2010

	-\$-	-%-
Interest and Dividends	4,852,601	2.2
Realized and Unrealized Gains	19,350,438	9.0
Investment Expenses	<u>(842,751)</u>	<u>(0.4)</u>
	23,360,288	10.8

II. History of Investment Yield Rates

<u>Period Ending</u>	<u>Actuarial Asset Basis</u>	<u>Market Value Basis</u>
	-%-	-%-
09/30/10	4.9	10.8
09/30/09	2.6	0.0
09/30/08	4.2	(16.7)
09/30/07	10.0	13.9
09/30/06	8.8	8.6
09/30/05	8.8	11.5
09/30/04	2.5	9.5
09/30/03	4.2	17.6
09/30/02	4.4	(6.3)
09/30/01	8.0	(8.2)
09/30/00	15.9	16.0
09/30/99	15.0	16.8
09/30/98	14.6	7.7
09/30/97	13.7	24.3
09/30/96	9.9	12.0
5 Year Average	6.1	2.7
10 Year Average	5.6	4.3
15 Year Average	8.4	7.3

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Development of Actuarial Asset Value

I. Determination of Actuarial Asset Value as of September 30, 2010 - 20% Write Up Method

	-\$-
A. Actuarial Value of Assets September 30, 2009	249,467,797
B. Contributions (Net of Excess Premium Taxes)	13,997,790
C. Benefits and Expenses	14,175,500
D. Expected Return at 8.0%	<u>19,950,315</u>
E. Expected Actuarial Value of Assets (A + B - C + D)	269,240,402
F. Market Value of Assets	231,127,492
G. Difference	(38,112,910)
H. 20% of Difference	<u>(7,622,582)</u>
I. Preliminary Actuarial Value of Assets October 1, 2010 (E + H)	261,617,820
J. Application of 20% Corridor	
80% of Market Value	184,901,994
120% of Market Value	277,352,990
K. Actuarial Value of Assets at October 1, 2010	261,617,820

II. Rate of Return on Actuarial Asset Value

	<u>2009/2010</u>	<u>2008/2009</u>
	-\$-	-\$-
A. Actuarial Asset Value at Beginning of Year	249,467,797	244,157,395
B. Contributions (net of Excess Premium Taxes)	13,997,790	12,664,820
C. Benefits and Expenses	14,175,500	13,773,426
D. Actuarial Asset Value at End of Year	261,617,820	249,467,797
E. Net Return on Investment [D + C - B - A]	12,327,733	6,419,008
F. Rate of Return [2 x E / (A + D - E)]	4.9%	2.6%

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Summary of Accounting Information

	<u>09/30/2010</u>	<u>09/30/2009</u>
I. <u>Present Value of Vested Accrued Benefits</u>	-\$-	-\$-
A. Service Retirements and Beneficiaries	120,466,699	112,534,403
B. Disability Retirements	43,235,469	39,492,127
C. Vested Terminated Members	379,266	347,670
D. Active Members	<u>96,469,707</u>	<u>86,475,367</u>
E. Total	260,551,141	238,849,567
II. <u>Present Value of Non-Vested Accrued Benefits</u>	<u>21,573,064</u>	<u>21,371,510</u>
III. <u>Present Value of Accrued Benefits</u>	282,124,205	260,221,077
IV. The values of accumulated plan benefits were determined in accordance with the Academy of Actuaries Interpretations and FASB Statement No. 35, <u>Accounting and Reporting by Defined Benefit Pension Plans.</u>		
V. <u>Statement of Changes in Accrued Benefits</u>		
A. Present Value of Accrued Benefits at Beginning of Prior Year	260,221,077	
B. Increase (Decrease) During the Year Attributable to:		
1. Benefits Accumulated	11,744,069	
2. Benefits Paid and Contributions Refunded	(13,901,640)	
3. Assumption Changes	3,799,078	
4. Method Changes	0	
5. Plan Amendments	0	
6. Increase Due to Decrease in Discount Period	<u>20,261,621</u>	
7. Net Increase	21,903,128	
C. Present Value of Accrued Benefits at Valuation Date	282,124,205	

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Disclosure Information Under GASB 25/27

I. Funding Status and Progress as of September 30, 2010 and 2009

Entry Age Actuarial Accrued Liability:	<u>\$(Millions)</u>	
	<u>9/30/2010</u>	<u>9/30/2009</u>
- Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	164.1	153.3
- Current employees	<u>154.5</u>	<u>139.9</u>
Total Entry Age Actuarial Accrued Liability	318.6	293.2
Net assets available for benefits (actuarial value)	261.6	249.5
Unfunded Entry Age Actuarial Accrued Liability	<u>57.0</u>	<u>43.7</u>

The market value of assets as of 9/30/2010 was \$231,127,492.

The Entry Age Actuarial Accrued Liability was determined as part of an actuarial valuation at September 30, 2010. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0 percent per year compounded annually, (b) projected salary increases of 4.0 percent per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0 to 2.5 percent per year, attributable to seniority/merit. For members who retire with 20 or more years of service, a cost of living increase of 5.0% every three years is assumed.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Disclosure Information Under GASB 25/27 - (continued)

II. Contributions Required and Contributions Made

The funding policy provides for periodic employer contributions at actuarially determined rates that are sufficient to pay benefits when due. Contributions for normal costs are determined using the individual entry age actuarial cost method. This cost method provides for an unfunded actuarial accrued liability. Details of this UAAL are shown on Exhibit 1, pages 3 and 4.

Contributions totaling \$13,997,790 (\$8,895,748 employer, \$2,410,006 State and \$2,692,036 employees) were made for the year ending September 30, 2010. The employer and state contributions consisted of \$9,252,121 (25.77% of covered payroll) for normal cost and administrative expenses and \$2,053,633 (5.72% of covered payroll) for amortization of the UAAL.

Significant actuarial assumptions used to compute contribution requirements for the year ending September 30, 2010 are the same as those used to compute the Entry Age Actuarial Accrued Liability as of the beginning of the preceding year.

III. Analysis of Funding Progress for GASB 25/27 (\$ Million)

Actuarial Valuation Date Sept. 30	Actuarial Value of Assets (a) (\$)	Actuarial Liability (AAL) Entry Age (b) (\$)	Unfunded AAL (b)-(a) (\$)	Funded Ratio (a)/(b) (%)	Active Member Covered Payroll (c) (\$)	Unfunded AAL as a Percentage of Active Member Covered Payroll ((b-a)/c) (%)
1992	76.19	83.22	7.10	91.5	11.14	63.7
1993	83.66	90.49	6.91	92.4	11.63	59.4
1994	91.00	97.65	6.65	93.2	11.94	55.7
1995 *	99.53	108.42	8.89	91.8	12.50	71.1
1996 *	108.77	120.59	11.82	90.2	13.19	89.6
1997	122.62	127.89	5.27	95.9	14.09	37.5
1998	138.67	137.15	(1.52)	101.1	14.99	-
1999	156.32	145.12	(11.20)	107.7	16.35	-
2000 *	176.91	158.89	(18.02)	111.3	17.61	-
2001 *	184.43	167.28	(17.14)	110.2	18.33	-
2002 *	186.36	182.67	(3.69)	102.0	21.20	-
2003	188.56	194.88	6.32	96.8	23.66	26.7
2004	188.30	206.13	17.83	91.4	25.15	70.9
2005 *	201.37	219.69	18.32	91.7	26.56	69.0
2006	216.88	230.70	13.82	94.0	28.28	48.9
2007 *	236.15	246.07	9.92	96.0	31.28	31.7
2008	244.16	264.82	20.66	92.2	34.18	60.4
2009 *	249.47	293.22	43.75	85.1	35.66	122.7
2010 *	261.62	318.65	57.03	82.1	36.67	155.5

Dollar amounts are in millions.

* After changes in benefits and/or actuarial assumptions and/or actuarial cost methods.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Disclosure Information Under GASB 25/27 - (continued)

IV. Schedule of Employer Contributions

Fiscal Year	Valuation Date	Annual Required Contribution ⁽¹⁾	Percentage Contributed	Net Pension Obligation
10-1/9-30	9-30	(\$)	(%)	(\$)
1991-92	1991	2,776,166	100.0	0
1992-93	1992	2,901,524	100.0	0
1993-94	1993	3,042,351	100.0	0
1994-95	1994	3,225,179	100.0	0
1995-96	1995	3,552,556	100.0	0
1996-97	1996	3,867,403	100.0	0
1997-98	1997	3,525,333	100.0	0
1998-99	1998	3,106,882	100.0	0
1999-00	1999	2,648,775	100.3	0
2000-01	2000	1,450,791	100.0	0
2001-02	2001	1,732,397	100.0	0
2002-03	2002	3,724,632	101.0	0
2003-04	2003	5,118,378	100.0	0
2004-05	2004	7,031,936	100.0	0
2005-06	2005	7,646,277	100.0	0
2006-07	2006	7,882,178	100.0	0
2007-08	2007	8,553,301 ⁽²⁾	100.0	0
2008-09	2008	9,957,266 ⁽³⁾	100.0	0
2009-10	2008	11,305,754 ⁽⁴⁾	100.0	0
2010-11	2009	12,752,543		

- (1) Contributions made prior to the 2007/2008 fiscal year were made monthly.
(2) Consisted of 4 monthly contributions and a lump sum payment.
(3) Total contribution made October 1, 2008.
(4) Consisted of 2 lump sum payments.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Member Statistics

I. Active Members

<u>Number of</u>	<u>Valuation Date</u>			
	<u>9/30/2010</u>	<u>9/30/2009</u>	<u>9/30/2008</u>	<u>9/30/2007</u>
Males	463	467	472	444
Females	25	27	32	32
Total	488	494	504	476
<u>Averages</u>				
Current Age	39.0	38.5	37.5	37.3
Past Service	10.9	10.3	9.4	9.1
Annual Earnings	\$75,141	\$72,185	\$67,815	\$65,715

II. Inactive Members

A. Retirees and Beneficiaries

Number	286	278	278	279
Average Annual Benefit	\$34,693	\$34,256	\$34,508	\$33,883
Average Age	65.0	64.4	63.7	63.1

B. DROP Members

Number	7	5	N/A	N/A
Average Annual Benefit	\$62,438	\$69,021	N/A	N/A
Average Age	52.7	53.2	N/A	N/A

C. Disabled

Number	100	95	89	83
Average Annual Benefit	\$39,033	\$37,148	\$35,821	\$34,040
Average Age	55.2	55.1	55.6	55.9

D. Vested Terminated

Number	3	3	3	3
Average Annual Benefit	\$13,377	\$13,377	\$12,924	\$12,924
Average Age	43.9	42.9	46.7	45.7

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Age-Service Distribution

Age	Completed Years of Service							Total	Earnings	
	0-4	5-9	10-14	15-19	20-24	25-29	30+		Total	Average
									-\$-	-\$-
15-24	10	-	-	-	-	-	-	10	508,184	50,818
25-29	37	9	2	-	-	-	-	48	2,698,400	56,217
30-34	38	50	10	-	-	-	-	98	6,455,707	65,875
35-39	19	50	36	10	-	-	-	115	8,545,465	74,308
40-44	5	29	43	21	11	-	-	109	8,968,484	82,280
45-49	2	5	27	14	23	3	-	74	6,458,256	87,274
50-54	-	-	5	5	13	6	-	29	2,625,902	90,548
55-59	-	-	2	-	1	1	-	4	327,200	81,800
60-64	-	-	-	-	-	1	-	1	81,251	81,251
65+	-	-	-	-	-	-	-	-	-	-
TOTAL	111	143	125	50	48	11	-	488	36,668,848	75,141

Average Age: 39.0

Average Service: 10.9

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Member Reconciliation

A. Active lives

1. Total number prior valuation (September 30, 2009)	494
2. Terminations	
a. Vested with deferred benefits	0
b. Non-vested	2
3. Deaths	
a. Beneficiary receiving benefits	1
b. No future benefits payable	0
4. Disabled	6
5. Retired	7
6. Voluntary withdrawal	0
	—
7. Continuing participants	478
8. New entrants	10
	—
9. Total active members in valuation (September 30, 2010)	488

B. Non-Active (including beneficiaries receiving benefits)

	<u>Retirees & Beneficiaries</u>	<u>DROP Members</u>	<u>Disability</u>	<u>Vested Deferred</u>	<u>Total</u>
1. Number prior valuation	278	5	95	3	381
2. In	13	3	6	0	22
3. Out	5	1	1	0	7
4. Number current valuation	<u>286</u>	<u>7</u>	<u>100</u>	<u>3</u>	<u>396</u>

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Summary of Principal Provisions

Ordinances and Effective Date:	Special Acts beginning in 1945 and ordinances codified in Chapter 12, Articles II and III, Orlando City Code, and Fire Pension Ordinance with coding 12.01.08.
Fiscal Year: [Ch. 2, Sec. 35]	October 1 – September 30
Membership: [Section 2]	All officers and firefighters regularly and continuously employed, in Fire Department, excluding secretaries, stenographers, and switchboard operators.
Covered Compensation: [Sec. 1]	An employee's base pay, EMT and paramedic pay, incentive pay, longevity pay, and fixed monthly compensation, including pick-up contributions.
Member Contributions: [Sec. 12(4), 19(1), 21(4)]	1% (basic), .05% for "20 and out", 6.32% for COLA, totaling 7.37% of Compensation; .12% for DROP (not explicit in ordinance).
City Contributions: [Sec. 2]	Actuarially determined, reduced by Member contributions and State Premium Tax refunds under Chapters 175 and 185 (up to the amounts received in 1998 plus \$1,344,299 annually).
Credited Service: [Sec. 2, 23]	Continuous Service credited under Pension Fund, from most recent date of employment. Upon reemployment a member may restore pre-breach service upon repayment of amount withdrawn plus interest. Periods of Disability in Line of Duty are credited upon returning to service.
Average Monthly Compensation: [Sec. 12(1)]	Average Monthly Compensation during the highest 3 years of Credited Service, or highest 5 years in last 10 years, if greater.
Normal Retirement Date: [Sec. 12(3)]	Any age with 20 Years of Credited Service or age 47 with 10 years.
Military Service: [Sec. 25]	After employment, active military service (maximum of 5 years) after March 12, 1999 is included in Credited Service.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Summary of Principal Provisions
(Continued)

Service Retirement: [Sec. 12]	2.0% of Average Final Compensation for each year for a member with more than 10 years but less than 20 years of Credited Service. For a member with more than 20 years of Credited Service, 3.4% of Average Final Compensation for years 1-25.
Early Service Retirement:	Any age with 20 Years of Credited Service or age 47 with 10 years.
Disability: [Section 7]	<u>Disability Not In Line of Duty:</u> As follows: Less than 10 years of Credited Service: 3% of Average Monthly Compensation/year; 10 to 20 years of Credited Service: 4% of Average Monthly Compensation/year with maximum of 60%; 20 to 40 years of Credited Service: Same as Service Retirement;
Disability : [Sec. 7, 9]	<u>Disability In Line of Duty:</u> 80% of Average Final Compensation, plus 2% for Credited Service between 40 and 50 years. Benefit terminates upon the earlier of death or recovery.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Summary of Principal Provisions
(Continued)

Death:
[Section 10, 33]

Death Not In Line of Duty: Eligibility: 10 years of service: 100% of accrued benefit will be paid for 10 years to the surviving spouse or designated beneficiary, beginning immediately. After the 10 years, the surviving spouse would receive benefit of 65% of the Member's accrued benefit as of date of death for life.

Death While Performing Qualified Military Service: Starting January 1, 2007, the beneficiary of a member who dies while performing qualified military service will be entitled to non-line of duty death benefits subject to repayment of any withdrawn employee contributions.

[Section 8, 33]

Death In Line of Duty: Eligibility: Incurred in performance of duties, regardless of years of service.

For Members who have 10 years of service, 100% of accrued benefit will be paid for 10 years to the surviving spouse or the designated beneficiary, beginning immediately. Thereafter, 75% of Member's benefit based on 25 years of projected service (75% of 80% of Average Monthly Compensation) to surviving spouse until death.

For Members with less than 10 years of service, 75% of the Member's benefit based on 25 years of projected service (75% of 80% of Average Monthly Compensation) to surviving spouse until death.

Twenty-five percent of the surviving spouse's 75% pension is directed toward any surviving children under age 18.

Employment
Termination:
[Section 12(2)]

Refund of member contributions for Members with less than 10 years of Credited Service; after 10 years, benefit deferred to age 47, as follows:

Less than 20 years: 2% of Average Monthly Compensation/year; (Member must apply for deferred benefit within 30 days of employment termination.)

20 or more years: Same as Service Retirement.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Summary of Principal Provisions
(Continued)

Optional Allowances: [Section 34]	<p>Normal form is 10 years' certain and life expect for non-line of duty disability with less than 10 years of service. Options include actuarially equivalent life annuity, Joint & 50%, 66 2/3%, 75%, and 100%, all reducing on first death. Normal form is life annuity for non-line of duty disabilities with less than 10 years of service.</p> <p>Married members may retain Joint & 75% contingent survivor with spouse as contingent annuitant, with 10 years' certain.</p>
COLA: [Section 19]	<p>For members who retire with 20 or more years of actual service, or surviving spouses or designated beneficiaries of such members, 5% triennial cost-of-living increase, beginning 3 years after retirement or DROP exit. Additional cost of benefit is paid by members. Members who terminate and are ineligible for COLA, are not entitled to refund of contributions to fund COLA.</p>
DROP: [Section 21]	<p>Members eligible for Service Retirement and who have completed at least 20 years of service may elect either a Forward Deferred Retirement Option Plan for up to 60 months or a retroactive Deferred Retirement Option Program for up to 60 months, but not both. Interest at 8% annual rate is credited on DROP accounts.</p> <p>Combined years of credited service and DROP participation may not exceed 360 months.</p> <p>Beneficiaries of DROP participants are not entitled to pre-retirement death benefits. DROP participants are not eligible for disability benefits.</p>
Changes Since Prior Valuation:	<p>Addition of non-line of duty death benefits for qualified military service deaths (HEART).</p>

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Summary of Actuarial Basis (Prior Assumptions)

Valuation Date: October 1, 2010 for Fiscal Year beginning October 1, 2011.

Valuation Method: Individual Entry Age Normal Cost Method; Closed Group; Fresh Start of UAAL amortization over 20 years as of 09/30/2006. All new bases are to be amortized over 20 years from the date established.

Asset Valuation Method: Expected value based on beginning Actuarial Asset Value, actual cash flow, and the Investment Return assumption, adjusted by 20% of the difference between expected value and actual market value (20% Write-Up Method).

Actuarial Assumptions:

Investment Discount/

Investment Return: 8%, compounded annually, net of investment expenses.

Salary Increases: 4% plus seniority and merit scale, with sample seniority and merit rates below:

<u>Age</u>	<u>-%-</u>
20	2.5
30	2.5
40	2.5
50	1.0
60	0.0

(Composite rate is approximately 6.3%).

Mortality: For healthy lives, the 1994 Group Annuity Mortality Table for Males and Females; for disabled lives the PBGC Non-OASDI Table.

<u>Age</u>	<u>Healthy Male</u>	<u>Healthy Female</u>	<u>Disabled Male</u>	<u>Disabled Female</u>
20	.0507%	.0284%	.1149%	.1351%
30	.0801%	.0351%	.1297%	.1083%
40	.1072%	.0709%	.3095%	.1948%
50	.2579%	.1428%	.8278%	.5103%
60	.7976%	.4439%	2.0517%	1.2952%
70	2.3730%	1.3730%	4.8504%	3.2073%

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Summary of Actuarial Basis (Prior Assumptions)
(Continued)

Retirement: After completion of 20 years of Credited Service, according to the following rates:

<u>Service at Retirement</u>	<u>-%</u>
20	10
21-24	3
25	40
26-28	30
29	70
30+	100

Turnover and Disability:

Specimen rates are shown below:

<u>Age</u>	<u>Disability *</u>	<u>Turnover</u>
20	.0042	.0150
25	.0063	.0150
30	.0063	.0100
35	.0100	.0050
40	.0147	.0025
45	.0200	.0025
50	.0252	.0025
55	.0336	.0025
60	.0389	.0025

* Disability rates cease upon attainment of 23 years of service.

Type of Disability: 75% of the disabilities are expected to be service connected disabilities, and 25% are expected to be non-service connected.

Recovery: No probabilities of recovery are used.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Summary of Actuarial Basis (Prior Assumptions)
(Continued)

Disability Offsets:	It is assumed that there are no offsets for service-incurred or non-service incurred disabilities of active Members; benefits valued for disability retirees are net of all current offsets.
Type of Death:	75% of the assumed deaths are expected to be service connected deaths and 25% are assumed to be non-service connected.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	80% of active Members are assumed to be married.
State Contributions:	Premium tax refunds under Chapter 175 are assumed to be the same as in prior year.
USERRA Service	1 year of service for one member each year.
Administrative Expenses:	One-year term cost method, based on expenses for the previous year.
Withdrawal of Employee Contributions:	It is assumed that employees withdraw their contribution balances upon employment termination, if not vested. If vested, employees are assumed to not withdraw contributions, with monthly benefit deferred to the time at which 20 years of service would have been completed.
Cost-of-Living:	All members retiring with 20 or more years of service are assumed to receive a 5% cost-of-living increase every 3 years.
Payroll Growth:	For purposes of amortization of the unfunded actuarial liability, covered payroll is assumed to increase 5% annually.
Sources of Data:	Asset statements and membership data were furnished by City.
Changes Since Prior Valuation:	None.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Summary of Actuarial Basis (Revised Assumptions)

Valuation Date: October 1, 2010 for Fiscal Year beginning October 1, 2011.

Valuation Method: Individual Entry Age Normal Cost Method; Closed Group; Fresh Start of UAAL amortization over 20 years as of 09/30/2006. All new bases are to be amortized over 20 years from the date established.

Asset Valuation Method: Expected value based on beginning Actuarial Asset Value, actual cash flow, and the Investment Return assumption, adjusted by 20% of the difference between expected value and actual market value (20% Write-Up Method).

Actuarial Assumptions:

Investment Discount/

Investment Return: 8%, compounded annually, net of investment expenses.

Salary Increases: 4% plus seniority and merit scale, with sample seniority and merit rates below:

<u>Age</u>	<u>-%-</u>
20	2.5
30	2.5
40	2.5
50	1.0
60	0.0

(Composite rate is approximately 6.3%).

Mortality: For healthy lives, the RP 2000 Mortality Tables combined for employees and annuitants separately for males and females projected to 2020 using Scale A.A.; for disabled lives the RP 2000 disabled mortality tables, separately for males and females projected to 2020.

<u>Age</u>	<u>Healthy Male</u>	<u>Healthy Female</u>	<u>Disabled Male</u>	<u>Disabled Female</u>
20	.0235%	.0138%	1.5696%	.5287%
30	.0402%	.0216%	2.0418%	.6093%
40	.0919%	.0522%	1.9221%	.5507%
50	.1487%	.1189%	2.0179%	.8186%
60	.4887%	.4573%	3.0450%	1.9756%
70	1.6413%	1.5145%	4.6257%	3.4045%

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Summary of Actuarial Basis (Revised Assumptions)
(Continued)

Qualified Military
Service Mortality:

2.5 times healthy rates.

Retirement:

After completion of 20 years of Credited Service, according to the following rates:

<u>Service at Retirement</u>	<u>-%-</u>
20	10
21-24	3
25	60
26-28	30
29	70
30 +	100

Turnover and
Disability:

Specimen rates are shown below:

<u>Age</u>	<u>Disability *</u>	<u>Turnover</u>
20	.0042	.01350
25	.0063	.01350
30	.0063	.00900
35	.0100	.00450
40	.0147	.00225
45	.0200	.00225
50	.0252	.00225
55	.0336	.00225
60	.0389	.00225

* Disability rates cease upon attainment of 23 years of service.

Type of Disability:

75% of the disabilities are expected to be service connected disabilities, and 25% are expected to be non-service connected.

Recovery:

No probabilities of recovery are used.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Summary of Actuarial Basis (Revised Assumptions)
(Continued)

Disability Offsets:	It is assumed that there are no offsets for service-incurred or non-service incurred disabilities of active Members; benefits valued for disability retirees are net of all current offsets.
Type of Death:	75% of the assumed deaths are expected to be service connected deaths and 25% are assumed to be non-service connected.
Remarriage:	No probabilities of remarriage are used.
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Withdrawal of Employee Contributions:	It is assumed that employees withdraw their contribution balances upon employment termination, if not vested. If vested, employees are assumed to not withdraw contributions, with monthly benefit deferred to the time at which 20 years of service would have been completed.
Cost-of-Living:	All members retiring with 20 or more years of service are assumed to receive a 5% cost-of-living increase every 3 years.
Payroll Growth:	For purposes of amortization of the unfunded actuarial liability, covered payroll is assumed to increase 5% annually.
Sources of Data:	Asset statements and membership data were furnished by City.
Changes Since	The following assumptions were made as a result of the 2005-2009 Experience Study:
Prior Valuation:	(1) Mortality rates changed to RP 2000 projected to 2020. (2) Disabled mortality rates changed to RP 2000 disability mortality projected to 2020. In addition, qualified military service mortality rates of 2.5 times healthy rates. (3) Retirement probability at 25 years of service increased from 40% to 60%. (4) Turnover rates reduced by 10%.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**
Information Under Florida Statutes

<u>I. Comparison of Salary Increases</u>	<u>Year Ending</u>	<u>Actual</u> -%-	<u>Assumed</u> -%-
	09/30/10	5.4	6.1
	09/30/09	6.5	6.2
	09/30/08	6.1	6.2
	09/30/07	7.0	6.2
	09/30/06	4.9	6.3
	09/30/05	8.5	6.4
	09/30/04	10.7	6.4
	09/30/03	8.4	6.3
	09/30/02	6.6	6.3
	09/30/01	8.9	6.3
	09/30/00	7.4	6.2
	09/30/99	6.9	6.2
	09/30/98	6.5	6.2
	09/30/97	6.6	6.2
	09/30/96	7.3	6.2
	09/30/95	6.5	6.7
<u>II. Comparison of Investment Returns</u>	<u>Year Ending</u>	<u>Actual⁽¹⁾</u> -%-	<u>Assumed</u> -%-
	09/30/10	4.9	8.0
	09/30/09	2.6	8.0
	09/30/08	4.2	8.0
	09/30/07	10.0	8.0
	09/30/06	8.8	8.0
	09/30/05	8.8	8.0
	09/30/04	2.5	8.0
	09/30/03	4.2	8.0
	09/30/02	4.4	8.0
	09/30/01	8.0	8.0
	09/30/00	15.9	8.0
	09/30/99	15.0	8.0
	09/30/98	14.6	8.0
	09/30/97	13.7	8.0
	09/30/96	9.9	8.0
	09/30/95	9.5	8.0
<u>III. Comparison of Payroll Growth</u>	<u>Year Ending</u>	<u>Actual</u> -%-	<u>Assumed</u> -%-
	09/30/10	2.8	5.0
	09/30/09	4.3	5.0
	09/30/08	9.3	5.0
	09/30/07	10.6	5.0
	09/30/06	6.5	5.0
	09/30/05	5.6	5.0
	09/30/04	6.3	5.0
	09/30/03	11.6	5.0
	09/30/02	15.7	5.0
	09/30/01	4.1 ⁽²⁾	5.0
	09/30/00	7.7	5.0
	09/30/99	9.1	5.0
	09/30/98	6.6	5.0
	09/30/97	6.6	5.0
	09/30/96	5.5	5.0
	09/30/95	4.6	5.0
	10 Year Average (10/01/00 – 9/30/10)	7.6	5.0

⁽¹⁾Based on mean actuarial asset values for periods ending 09/30.

⁽²⁾Adjusted from 12.1% in GRS reports.

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Supplemental CAFR Information

WITHDRAWAL FROM ACTIVE EMPLOYMENT
BEFORE AGE AND SERVICE RETIREMENT ELIGIBILITY
AND
INDIVIDUAL PAY INCREASE ASSUMPTIONS

<u>Percent of Active Members Separating</u>		<u>Pay Increase Assumption</u>
<u>Sample Ages</u>	<u>Expected Separations Within Next Year</u>	<u>Individual's Annual Pay Percent Increase</u>
25	1.50 %	6.50 %
30	1.00	6.50
35	0.50	6.50
40	0.25	6.50
45	0.25	5.75
50	0.25	5.00
55	0.25	4.50
60	0.25	4.00

SOLVENCY TEST

<u>Valuation Date</u>	<u>Aggregate Accrued Liabilities For</u>			<u>Actuarial Value of Assets</u>	<u>Portion of Accrued Liabilities Covered by Reported Asset (%)</u>		
	<u>(1) Active Member Contributions</u>	<u>(2) Retirants and Beneficiaries</u>	<u>(3) Active and Inactive Members (Employer Financed Portion)</u>		<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
9/30/2005	12,407,093	135,649,719	71,635,202	201,370,128	100	100	74.42
9/30/2006	14,050,392	139,633,992	77,014,797	216,879,175	100	100	82.06
9/30/2007	15,823,049	142,879,453	87,365,091	236,147,325	100	100	88.65
9/30/2008	17,895,274	147,945,311	98,975,743	244,157,395	100	100	79.13
9/30/2009	20,147,113	153,277,552	119,793,815	249,467,797	100	100	63.48
9/30/2010	21,798,479	164,081,434	132,769,429	261,617,820	100	100	57.04

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Supplemental CAFR Information

**SCHEDULE OF ACTIVE MEMBERS' VALUATION DATA AND
RETIREDANTS AND BENEFICIARIES**

Schedule of Active Members' Valuation Data

<u>Valuation Date</u>	<u>No.</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase In Average Pay</u>
9/30/2005	428	26,562,501	62,062	7.85
9/30/2006	446	28,279,711	63,407	2.17
9/30/2007	476	31,280,249	65,715	3.64
9/30/2008	504	34,178,875	67,815	3.20
9/30/2009	494	35,659,515	72,185	6.44
9/30/2010	488	36,668,848	75,141	4.10

Schedule of Retiredants and Beneficiaries

<u>Valuation Date</u>	<u>Added To Rolls</u>		<u>Removed From Rolls</u>		<u>Rolls End of Year</u>		<u>% Increase in Annual Allowances</u>	<u>Average Annual Allowances</u>
	<u>No.</u>	<u>Annual Allowances</u>	<u>No.</u>	<u>Annual Allowances</u>	<u>No.</u>	<u>Annual Allowances</u>		
9/30/2006	12	501,138	5	76,005	356	11,199,466	4.61	31,459
9/30/2007	11	606,748	7	149,955	360	11,794,267	5.31	32,762
9/30/2008	7	409,869	5	64,049	362	12,278,582	4.11	33,919
9/30/2008	10	439,152	5	57,833	367	12,781,211	4.09	34,826
9/30/2009	17	818,123	6	201,935	378	13,397,399	4.82	35,443
9/30/2010	21	1,084,866	6	219,648	393	14,262,617	6.46	36,292

Equivalent Single Period Remaining

Investment Return Assumption	8.00%
Payroll Growth Assumption	5.00%
Equivalent Level Dollar Discount Rate	2.86%
Unfunded Actuarial Accrued Liability	\$57,031,522
Amortization Payment (BOY)	\$4,186,533
Weighted Amortization Factor	13.6226
Equivalent Single Amortization Period (yrs.)	17.0

**CITY OF ORLANDO
FIREFIGHTER PENSION FUND**

Alternative Lump Sum Contribution and Minimum Contribution Schedules (2011/2012)

	<u>Date</u>	<u>-\$-</u>
A. Net City and State Contribution	10/01/2011	14,308,291

Minimum Contribution Calculation

B. Net City Contribution (monthly)	12,503,710
C. Projected Payroll (105% of \$36,668,848)	38,502,290
D. Minimum Contribution Rate ((B)/(C))	<u>32.48%</u>